



**City of Omaha**  
**Jim Suttle, Mayor**

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For Immediate Release

## **City of Omaha Releases Preliminary Fourth Quarter Financial Report for 2011**

### **UNRESOLVED FIRE CONTRACT COSTS OMAHA TAXPAYERS MILLIONS**

**February 15, 2012** – The City of Omaha released its Preliminary Fourth Quarter Financial Report for 2011 today, showing more than \$5 million in unbudgeted expenses due to the unresolved contract between the Omaha Firefighters and the Omaha City Council. Mayor Jim Suttle expressed concern about the report's findings. "We have worked hard to get our fiscal house in order, rebuild our economy, and be in a position to plan for the future, during my time in office," said Mayor Suttle. "We started the year with cash reserves to fix streets and improve public safety; now we are facing a possible budget shortfall ending the year."

The preliminary results indicate that not having a Fire Contract cost Omaha taxpayers \$5.1 million as of December 31, 2011, with mounting costs each month moving forward. "We could have used this money to attract businesses and jobs to Omaha, resurfaced 60 lane miles of Omaha streets or added 20 police officers to protect our streets for three years," said Mayor Suttle.

"It is still our hope that the City Council can successfully negotiate a contract with the Fire Union that achieves comparable savings," said Pam Spaccarotella, City Finance Director.

In August of this year, the Administration and the Fire Union tentatively reached an agreement that froze wages for all firefighters in 2010 and half of 2011. The City Council's refusal to approve the agreement canceled the 0% pay increases, costing taxpayer nearly \$2 million in owed back pay. A subsequent CIR ruling cost an additional 3.2 million dollars in mandated salary requirements through the inclusion of Cincinnati as a comparable city.

"In all contract negotiations each side wants more," said Dick O'Gara, Director of Human Resources Rights and Relations and Police and Fire Pension Board member. "With an issue as important as pension reform, losing millions in an effort to insist on saving thousands of dollars, just doesn't make sense."

Also included in this report is a recent ruling from the District Court concerning the application of the Fire Department's pay scales for 2008, 2009, 2010, and 2011. The financial impact of the Court's determination is an increase in wages for Fire Department personnel of \$6.9 million.

"Firefighters reached an agreement with the Mayor's negotiating team and the Personnel Board that would have saved 66 million dollars in pension costs, and reductions in benefits," said Terry Moore, President of the Omaha

Federation of Labor – AFL-CIO. “Firefighters were asked to start a four year negotiation process over because members of the City Council, in spite of warnings to the contrary, were convinced taxpayers could get a better deal from the CIR and under the Council’s management of the contract negotiations. Their irresponsible actions are now costing taxpayers millions.”

“The Suttle administration was able to negotiate unprecedented concessions from firefighters with respect to pension, pay and benefits as a first step towards ensuring the solvency of the pension plan for the future without bankrupting the City,” said Pat Barrett, former outside labor counsel in the Omaha Fire Negotiations. “The Firefighters' Union negotiated, in good faith, and agreed to concessions which would have produced significant savings for taxpayers in this city now and for years to come.”

The Preliminary Fourth Quarter report reflects mixed results with respect to revenue collections, primarily as a result of economic conditions. Property tax receipts declined \$1.1 million due to reduced collections and sales tax revenue declined primarily as a result of LB775 refunds. Restaurant tax receipts, however, exceeded expectations by \$7.97 million, which offset the loss of state aid and the impact of the Fire Union Contract discussed above.

In summary, the Preliminary Fourth Quarter Report projects the following year-end General Fund results for 2011:

Revenues over budget	\$	1,298,490
Expenditures over budget	\$	(2,038,797)
Projected year-end balance	\$	<u>(740,307)</u>

We are projecting a deficit of \$740,307 for the year, which will be offset with a transfer from the Cash Reserve Fund.

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